

New Interest-Free Loan Program Begins Today

Washington, DC-Congressman Harry Teague announced today that many local small businesses may soon be eligible for interest-free loans under a new program created by the American Recovery and Reinvestment Act (ARRA). The new "America's Recovery Capital" (ARC) program allows small firms to take out loans of \$35,000 to pay down existing business debts.

Borrowers pay no interest on the ARC loans and repayment does not begin for one year.

"As a small business owner I know that when times are tough a little boost to help you pay the bills and retain employees can go a long way," said Congressman Harry Teague. "That's what we're doing with these interest-free loans, we're helping out the small businesses that contribute so much to our communities so they can sustain for the long-term and continue to make our local economies strong."

To qualify for the ARC loans, small firms must demonstrate they are experiencing immediate financial hardship due to the economic downturn, but are otherwise deemed by the Small Business Administration (SBA) to be viable. The loans will be made by commercial lenders and can be used for payments of principal and interest for existing, qualifying small business debts like credit card obligations, mortgages, lines of credit, and balances due to suppliers, vendors, and utilities. In addition to the ARC loan program, the Economic Recovery Package contained other measures aimed at helping small firms access credit. For instance, the new law increases the percentage of a loan that the SBA can guarantee, makes SBA-backed loans more affordable and provides tools to unfreeze the small business credit markets, helping small companies access capital at affordable rates.

To apply for ARC loans, businesses should visit their local SBA-approved small business lenders. The loans will be available through Sept. 30, 2010, or until appropriated funding runs out. Additional information about the ARC loan program is available at <http://www.sba.gov/recovery/arcloanprogram/index.html>